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U.S. Raises Estimate Of Soviet Arms Cost

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The Soviet Union is spending much more on defense and armaments than previously realized, but lags far behind the United States in military technology and industrial and agricultural capacity, according to new U.S. intelligence estimates released yesterday.

In congressional testimony, the directors of the Central and Defense Intelligence agencies described a Soviet Union that cannot feed itself, that is technologically backward, that is suffering through a sort of Soviet-style recession, but that nevertheless is outspending the United States on defense by a large margin.

Neither intelligence agency claimed that Soviet spending has actually endangered the security of the United States, and George Bush, director of the CIA, emphasized that the upward revision of CIA estimates of the Russians' defense spending did not mean their defense programs were bigger than previously realized.

An important explanation for the upward revisions, the CIA said, is the apparent fact that "Soviet defense industries are far less efficient than we formerly believed... about half as efficient as we thought."

The CIA used to estimate that the Soviets spent 6 to 8 per cent of their gross national product on defense, and now calculate that the true figure is 11 to 13 per cent. (The United States spends about 6 per cent of its much larger GNP on defense.)

Unspecified new sources of information on the Soviet defense economy led the CIA to adjust its estimates upward. Some of the information, presumably, has come from recent emigres from the U.S.S.R., some of whom may have worked in Soviet military industry.

Bush told Sen. William Proxmire's Subcommittee on Priorities and Economy in Government of the Joint Economic Committee that the Soviet Union does not have a single weapons system that demonstrates technological superiority to the United States.

On the other hand, Bush said, the United States has many weapons systems that the Russians cannot dupli-

cate. The CIA must leave these systems out of any comparison between Soviet and American defense spending, an agency official said, because "the Soviets do not have the technology to produce the very advanced systems. Theoretically, the price [of doing so] would be infinite..."

Nevertheless, the CIA offered several comparative statistics. The agency said the Soviets are spending 85 per cent more on military procurement than the U.S., if both countries' spending is measured in terms of the number of dollars it would cost the U.S. to duplicate the Soviet effort. Put another way, the Soviets are outspending the U.S. by 25 per cent for all military programs apart from manpower expenses. Or, in terms of rubles, the Soviets are outspending the U.S. by about 29 per cent.

(The intelligence community has argued for years over the accuracy and relevance of these comparative statistics. Economists who have contributed to them have acknowledged privately that the figures often represent guesses, not facts. Several specialists on the Soviet economy have argued that the Russians themselves don't know how much they spend on defense, and that comparisons between the ruble—a soft currency—and the dollar are essentially meaningless.)

To America's advantage, Bush observed, "the U.S.S.R. lags far behind the U.S. in the design and production of advanced electronics components and computers, and in some aspects of missile propulsion and guidance technology. They also lag in the area of advanced tools for producing advanced weapons."

In non-military fields, Bush painted a grim portrait of Soviet failures and difficulties. Last year was the worst for the Soviet economy since Leonid I. Brezhnev and his colleagues ousted Nikita Khrushchev in 1964, the CIA said. The growth rate, which used to average well over 5 per cent per year, fell to 2.5 per cent in 1975.

The strongest influence on this discouraging performance was a disastrous harvest, which held back the entire economy and created serious food shortages. This year, the CIA estimates, the

average Soviet consumer will eat fully one-fourth less meat than he did in 1975.

"We are getting reports of food shortages, particularly in meat, as well as stories of work slowdowns and vandalism in the markets, as the people vent their ire," Bush said.

Despite massive investments in the agricultural sector, the CIA sees no evidence that the Soviet Union can become self-sufficient in food by 1980. The agency predicts annual Soviet imports of 10 million to 20 million tons of grain for the rest of this decade.

Partly because of grain imports, the CIA said, the Soviets will continue to run large trade deficits with the Western world, but will be able to finance them through export earnings, gold sales and credits granted by foreign banks and national treasuries.

The new Soviet five-year plan calls for "unusually low" new investments, and the CIA foresees a sluggish Soviet economy for years to come. According to the agency, reduced investments will mean the Soviet industrial plant is getting "older and more obsolescent"; growth in the labor force will "slow markedly by the early 1980s;" and the Soviets are unlikely to "benefit as much from the application of new technology as they obviously desire" because of politically imposed restrictions on the economy.

If the Soviets maintain their present high level of defense spending, the CIA said, this will aggravate their economic difficulties, in effect forcing Soviet consumers to make more sacrifices to maintain military outlays.

The only bright spots the CIA reported in the Soviet economy were the production of some raw materials, particularly chemicals, and the continued expansion of energy production. The U.S.S.R. is now the only industrial power in the world that is self-sufficient in energy, the CIA noted.

The general picture of a struggling Soviet economy with serious structural difficulties and technological weaknesses contrasts sharply with the American public's image of Soviet power. According to a poll released last week by Potomac Associates here,

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